

ASX Release
12 November 2018

DEFINITIVE FEASIBILITY STUDY ACTIVITIES UPDATE

Highlights

- On-site activities to support the DFS have rapidly progressed
- Key activities to support the FEED for critical path items have commenced ahead of schedule
- New development plan for Wyndham Port is designed to create sales distribution flexibility and deliver possible cost savings
- Trucked LNG supply to potentially provide a lower cost fuel solution than the gas pipeline
- Geotechnical test pit program for proposed haul road indicates good accessibility, constructability and the presence of key resources such as borrow materials and water

Agrimin Limited (ASX: AMN) (“Agrimin” or “the Company”) is pleased to provide an update of field activities that have been completed or are in progress at the Mackay Sulphate of Potash (“SOP”) Project in Western Australia.

Since completion of the Pre-Feasibility Study¹ (“PFS”) in May 2018, an owner’s team has been assembled to provide the depth of skills required to complete the Definitive Feasibility Study (“DFS”) and transition into the project execution phase. Additionally, a select group of specialist consultants and contractors will be engaged during the DFS to provide targeted expertise in their respective disciplines.

Field activities to support the DFS are well underway, including ongoing trench pump testing, gravity and passive seismic surveys, geotechnical test pitting, cone penetration testing, LiDAR topography survey and pilot evaporation trials. Some of these work programs are designed to support the Front End Engineering Design (“FEED”) for Project areas that are on the critical path to production.

Discussions are advancing with stakeholders and third parties in relation to securing access to the necessary infrastructure and utilities. Additionally, the Company continues to advance discussions with potential strategic partners and off-takers, and the DFS plan has been designed to allow flexibility based on the possible requirements of these parties.

¹ Refer to the ASX Release on 7 May 2018 for full Pre-Feasibility Study details. All material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.

Mine Planning and Ore Reserve Estimation

Stantec Consulting Services Inc. (previously Norwest Corporation) has completed an interdisciplinary review of the exploration, Mineral Resource estimation and hydrogeological modelling work completed by Agrimmin and its PFS consultants. This review included a site visit in August 2018 by Stantec's key consultants from the USA who have significant relevant experience working on comparable salt lake deposits globally.

Stantec has provided guidance on the required data to support the DFS hydrogeological modelling, mine planning and Ore Reserve estimation. The Company is well advanced in the collection of this data.

Since August 2017, the Company has been conducting an extensive program of trenching and long-term pump testing. This has involved the excavation of 21 pilot trenches and installation of 111 associated monitoring bores across the Project area. Long-term pumping tests have been completed at 16 trenches, with the remaining five planned to be tested in the coming months (**Figure 1**).

Figure 1. Long-Term Pump Testing and Monitoring in Progress



A number of field activities have commenced in order to improve definition of the lake's boundary conditions and its deeper profile for the conceptual hydrogeological model. The Company recently completed on-lake gravity and passive seismic surveys to assist mapping the basement profile of the lake. The Company is planning to drill three deep core holes to penetrate the basement below the lake and allow calibration of the geophysical data. A select number of these holes will have specialised monitoring equipment installed as part of the bore completions.

Additionally, a LiDAR topographic survey is currently being carried out across the Project area to more accurately map the surface profile of the lake, islands and the immediate surrounding area.

Throughout the upcoming wet season (December 2018 to March 2019), targeted hydrogeological investigations will be undertaken at two trench sites where the Company's long-term pumping tests will continue. These tests will include high frequency brine sampling to monitor changes in brine chemistry during active recharge events. Additional testing will also be completed to measure short range variability in brine chemistry.

The Company is planning to finish the above work programs in Q2 2019. Following this, an updated numerical flow and groundwater transport model will be developed for DFS mine planning and Ore Reserve estimation.

Evaporation Trial and Process Development

Novopro Projects Inc. completed an independent review of the evaporation pond process completed by Agrimmin's PFS consultants. Novopro has significant international experience in process engineering for potash brine deposits. In addition, Global Potash Solutions continues to be engaged as a process consultant.

Novopro has provided detailed operational guidelines for the Company's evaporation trial on Lake Mackay. The trial is currently in operation with the first harvest of potash salts expected in Q1 2019 (**Figure 2**).

Figure 2. Pond Sampling in Progress



The evaporation trial will aim to simulate the operation of full-scale evaporation ponds as closely as possible and is designed to test the following key parameters:

- Refinement of the evaporation and crystallisation pathway of lake brines under long-term site conditions with daily and seasonal variation;

- Provide further supporting evaporation data for pond sizing and configuration;
- Address specific technical parameters including pond operating depth, brine entrainment, pond start-up and timing, and other operating requirements; and
- Produce potash salt samples that are representative of those anticipated during production to support a range of product development and marketing activities.

The potash salts harvested from the trial will be dispatched to a laboratory for process testwork and the production of SOP samples. The Company's PFS testwork programs demonstrated that a conventional process plant configuration (i.e. decomposition, flotation and SOP conversion) is suitable for producing SOP from salts generated from the Lake Mackay brine. Novopro reviewed the PFS process design and recommended some additional testwork during the DFS.

Also during the DFS phase, the Company will produce a range SOP product samples which will be used for product development purposes to ensure the process plant is designed to produce desired specifications.

On-Lake Geotechnics

Knight Piesold continues to be engaged as the Company's geotechnical consultant. Cone penetration testing ("CPT") and a range of other geotechnical tests have been completed across the proposed evaporation pond area (**Figure 3**). A LiDAR topographic survey is also being flown across the pond area to more accurately map the surface profile. These work programs will support the DFS pond design.

Figure 3. Cone Penetration Testing in Progress



Over the past 16 months the Company has trialled several different trench designs which have been spread geographically across the lake. These constructability trials have provided important geotechnical information in relation to the excavation and long-term stability of trenches in various parts of the lake. This extensive trenching program will support the DFS trench design.

The Company has begun a process of early contractor involvement in relation to detailed design and construction methodology of the trenches and evaporation ponds, including major equipment selection.

In addition to on-lake geotechnical programs, CPT and test pitting has been completed at the proposed locations for the process plant, accommodation camp and airstrip. A LiDAR topographic survey is also being completed over these locations to support DFS engineering.

Power

The Project is planned to be powered by a reciprocating gas-engine based power plant with a maximum operating power demand of 16.8 megawatts ("**MW**") and an average load of 14.2MW. This power load will supply the process plant, wet harvesters, accommodation camp and non-processing infrastructure.

The PFS contemplated natural gas being supplied to the Project site via a 440km pipeline connecting to the Amadeus Gas Pipeline. The Company has received an indicative and non-binding proposal from one of Australia's largest gas businesses for a Build-Own-Operate contract ("**BOO**") in relation to the pipeline.

The proposed BOO contractor recently completed the preliminary route selection survey. Two potential routes were identified and both are considered by the contractor to possess good ground conditions for pipeline construction. Based on the contractor's current experience with the construction of a similar pipeline project, it has indicated that Agrimin's proposed gas pipeline could be built in an efficient and cost effective manner. The Company is currently proceeding towards commencement of the next phase of the FEED for the gas pipeline.

In addition, the Company has investigated the option of trucking LNG to the Project as an alternative to natural gas. Outcomes of this investigation indicate that LNG fuel supply could potentially remove the large up-front capital cost associated with the gas pipeline, while maintaining operating costs at a similar level as estimated in the PFS. The Company is advancing negotiations with LNG suppliers.

Water Supply

The Project is estimated to require 3.1 gigalitres per year ("**GL/year**") of process water and 0.1GL/year of potable water. The PFS contemplated that raw water is sourced from a borefield located approximately 38km south-east of the proposed process plant site. The PFS assumed that approximately 5.5GL/year of raw water with 10,000mg/L total dissolved salts ("**TDS**") is abstracted and treated via reverse osmosis to produce the Project's water requirement with TDS below 5,000mg/L.

The Company is currently progressing activities in relation to other borefield locations which have the potential to provide better quality groundwater. If successful, this could potentially reduce or remove the requirement for reverse osmosis, thereby decreasing both capital and operating costs from the PFS estimates.

Haul Road

The Company intends to transport its SOP production from the Project site to the deep-water port at Wyndham. A dedicated fleet of quad road trains will be loaded via a product load-out facility at the process plant and will transport the SOP directly to a storage shed located at the Wyndham Port.

The total haulage distance from the Project to the Wyndham Port is 980km via Halls Creek. This route will include a newly constructed 388km road segment to connect the Project to the existing public road network. The proposed haul road route passes through three native title determination areas, which includes Tjamu Tjamu (Aboriginal Corporation) RNTBC, Parna Ngururpa (Aboriginal Corporation) RNTBC, and Tjurabalan Native Title Land Aboriginal Corporation RNTBC.

The Company has attended on-country meetings with all three native title groups and has received support for the haul road and permissions to conduct a geotechnical sampling program and a topographic survey.

The Company is nearing completion of a geotechnical test pit program at a 1km spacing along the proposed 388km alignment (**Figure 4**). This program has not identified any construction challenges and the alignment has good accessibility, constructability, and presence of resources such as borrow materials and water. Additionally, a LiDAR topographic survey is being carried out over the alignment to assist the engineering design.

The Company is planning to complete the FEED study for the haul road in Q1 2019. The Northern Australia Infrastructure Facility (“**NAIF**”) Board has expressed its interest in investigating the potential for NAIF support for the Project with particular reference to Agrimin’s proposed infrastructure. This could potentially provide long-term and low-cost debt finance for the capital cost of the haul road.

Figure 4. Haul Road Test Pit in Progress



Port

The Company plans to ship all of its SOP through the Wyndham Port. The PFS assumes the use of rotaboxes (i.e. rotating containers) to load shipments of between 15,000t to 30,000t using the port's existing wharf (**Figure 5**). The PFS capital cost included an allowance for covered storage sheds at the port to accommodate stockpiles of 80,000t of SOP.

Figure 5. Wyndham Port Inspection



Subsequent to the PFS, the Company has considered moving the back-end of its process plant (being all plant and equipment after the SOP conversion step) to Wyndham. The benefits of this approach include:

- Transportation of a single SOP product in bulk from the Project site to the port;
- Reduced transportation of reagents, such as dedust and anti-caking, to the Project site;
- Less plant and equipment to be transported to the Project site for construction;
- Fewer FIFO staff based at the Project site;
- Flexibility to manufacture a range of final SOP products at the port (standard, granular or soluble) and distribute them in response to customer demands; and
- Reduced delays to shipments in the event of interruptions to the haul road.

The above benefits could potentially decrease both capital and operating costs from the PFS estimates.

The Company's process engineering consultants have prepared updated process flow diagrams to reflect this new development plan for the port. A general layout for the storage shed, plant and equipment is currently being designed.

The Company has executed a non-binding Memorandum of Understanding with Cambridge Gulf Ltd, the port operator. Discussions are underway in respect to the use of existing port facilities at Wyndham as well as the development of new infrastructure to support Agrimin's planned operations.

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About Agrimin

Based in Perth, Agrimin Limited is a leading fertilizer development company focused on the development of its 100% owned Mackay SOP Project. The Project is situated on Lake Mackay in Western Australia, the largest undeveloped SOP-bearing salt lake in the world. Agrimin is aiming to be a global supplier of high quality SOP fertilizer to both traditional and emerging value-added markets. Agrimin Limited's shares are traded on the Australian Stock Exchange (ASX: AMN).

Forward-Looking Statements

This ASX Release may contain certain "forward-looking statements" which may be based on forward-looking information that are subject to a number of known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those presented here. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. Forward-looking information includes exchange rates; the proposed production plan; projected brine concentrations and recovery rates; uncertainties and risks regarding the estimated capital and operating costs; uncertainties and risks regarding the development timeline, including the need to obtain the necessary approvals. For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other ASX Releases. Readers should not place undue reliance on forward-looking information. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this ASX Release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.